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National Foreign Assessment Center

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Area Briefs

77 - 172

NOV 9, 1977

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LATIN AMERICA BRIEF 77-172, 9 NOVEMBER 1977.Y

1. ARGENTINA: THE ARGENTINE GOVERNMENT APPEARS TO HAVE WEATHERED LAST WEEK'S WIDESPREAD LABOR UNREST IN PUBLIC SECTOR INDUSTRIES. MOST STRIKING WORKERS RETURNED TO THEIR JOBS OVER THE WEEKEND AFTER THE GOVERNMENT PROMISED WAGE TALKS AND THREATENED HARSH ANTISTRIKE MEASURES. THE MANNER IN WHICH THE GOVERNMENT SETTLED THE DISPUTE OPENS THE WAY FOR FURTHER UNREST THAT WOULD TEST THE MILITARY REGIME'S AUTHORITY AND ITS DETERMINATION TO CONTINUE STRICT AUSTERITY MEASURES.Y

THE APPARENTLY SPONTANEOUS STRIKES--WHICH SPREAD RAPIDLY TO TRANSPORTATION, PORT, MARITIME, AND POWER WORKERS IN BUENOS AIRES AND NEARBY AREAS--STEMMED FROM A CONTINUING DECLINE IN REAL WAGES. IN ITS EFFORT TO CONTROL THE MOST SERIOUS LABOR CRISIS SINCE THE MILITARY TOOK OVER IN 1976, THE GOVERNMENT EXTENDED TO STATE ENTERPRISES THE 40-PERCENT "WAGE FLEXIBILITY" POLICY THAT IT HAD

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GRANTED TO PRIVATE FIRMS LAST MONTH. PREVIOUSLY, PUBLIC SECTOR WORKERS HAVE NOT SHARED IN UNSANCTIONED PAY INCREASES GIVEN BY PRIVATE EMPLOYERS TO FEND OFF WORKER DISSATISFACTION.Y

A NUMBER OF STATE COMPANIES HAVE ALREADY ANNOUNCED WAGE INCREASES WITHIN THE NEW GUIDELINES, BUT THE WORKERS REPORTEDLY ARE DISSATISFIED WITH THE PAY HIKES; MANY WORKERS WERE DEMANDING INCREASES OF UP TO 100 PERCENT. FOR THE MOMENT, HOWEVER, MOST WORKERS APPARENTLY HAVE SUCCUMBED TO THE THREATS OF DISMISSAL AND TO THE ARGUMENT THAT NO WAGE INCREASES WOULD BE EFFECTIVE UNTIL AFTER EMPLOYEES RETURNED TO WORK.Y

LABOR'S CONTINUING DISSATISFACTION PLACES THE GOVERNMENT IN A PRECARIOUS POSITION. ANY INCREASES IN WAGES CREATE PRESSURE FROM OTHER WORKERS FOR SIMILAR TREATMENT AND THUS JEOPARDIZE THE ADMINISTRATION'S POLICY OF LIMITING SALARY BOOSTS--A KEY PART OF ITS EFFORT TO REDUCE INFLATION.Y

MINISTER OF ECONOMY MARTINEZ DE HOZ WARNED LAST WEEK THAT THE GOVERNMENT WOULD MAKE NO FURTHER CONCESSIONS. THE MILITARY REGIME HAS STRINGENT EMERGENCY LEGISLATION ON THE BOOKS, BUT A STRONG

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ASSERTION OF AUTHORITY WOULD EXACERBATE THE DELICATE LABOR SITUATION AS WELL AS HARM ARGENTINA'S INTERNATIONAL REPUTATION.Y

PRESIDENT VIDELA MAY NOW HAVE TO CONTEND WITH AN UPSURGE IN ILLEGAL COUNTERSUBVERSIVE ACTIVITY BY HARD-LINERS WITHIN THE SECURITY FORCES, WHO MAY DECIDE TO TAKE MATTERS INTO THEIR OWN HANDS. ALTHOUGH THE ADMINISTRATION HAS EVINCED A DESIRE TO STOP VIOLATIONS OF HUMAN RIGHTS, IT IS NOT STRICTLY ENFORCING MEASURES TO HALT EXCESSES.Y

A FURTHER COMPLICATION IS THE RECENT INCREASE IN LEFTIST TERRORISM IN BUENOS AIRES. ONE OF THE MAIN GOALS OF THE MONTONEROS ORGANIZATION HAS BEEN TO INFILTRATE THE LABOR UNIONS, AND THE GROUP IS APPARENTLY TRYING TO INCREASE ITS IDENTIFICATION WITH THE WORKERS BY CONDUCTING ACTS OF VIOLENCE AND SABOTAGE. WE HAVE NO EVIDENCE THAT THE TERRORISTS INSTIGATED THE CURRENT OUTBREAK OF LABOR UNREST, ALTHOUGH THEY ARE TRYING TO TAKE CREDIT FOR ANY WAGE IMPROVEMENTS OFFERED BY THE GOVERNMENT.Y

VIDELA'S MILITARY RIVALS--ESPECIALLY JUNTA MEMBER AND NAVY CHIEF ADMIRAL MASSERA--MAY TRY TO USE THE GOVERNMENT'S CURRENT

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PROBLEMS TO UNDERCUT THE PRESIDENT'S POSITION. SOME HARD-LINE MILITARY OFFICERS ARE ALREADY GRUMBLING THAT VIDELA SHOULD HAVE

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